

CORPORATE INTEGRITY AGREEMENT INTEGRA, INC. (formerly Apogee, Inc.)

This Corporate Integrity Agreement ("the Agreement") is entered into between Integra, Inc. ("Integra"), formerly known as Apogee, Inc., and the Office of Inspector General of the United States Department of Health and Human Services ("HHS/OIG"). Pursuant to this Agreement, Integra agrees to undertake the compliance obligations outlined below.

I. Preamble

Integra is a publicly traded Delaware corporation and a Medicare participating provider that formerly provided behavioral health services to long term care recipients through group practices in twelve states (the "Group Practice Division"). Before changing its name from Apogee, Inc., Integra sold its Group Practice Division, and now owns only a Behavioral Managed Care Division that is operated by its subsidiary, Apogee of Pennsylvania, Inc., d/b/a Integra, with its principal place of business in King of Prussia, Pennsylvania. Integra does not submit claims to any Federal health care program at the time of entering into this Agreement, however Integra continues to maintain Medicare provider numbers. On or about the date of execution of this Agreement, Integra is entering into a settlement agreement with the United States to resolve allegations that Integra violated the False Claims Act (the "Settlement Agreement"). This Agreement is incorporated into the Settlement Agreement.

Integra agrees to implement a Corporate Integrity Program to prevent fraud, abuse, and false billing to Medicare, Medicaid and other Federal health care programs by Integra and by its subsidiaries, employees, and independent contractors or third parties acting on its behalf. The Corporate Integrity Program shall be maintained so as to ensure that Integra and each of its directors, officers, employees and contractors maintains the business integrity required of a participant in Federal health care programs, and that Integra is in compliance with all laws and regulations applicable to such programs and with the terms of the Agreement set out below.

II. Term of Agreement and Contact Persons

Unless otherwise specified, the period of future compliance obligations under this Agreement shall be five (5) years and sixty (60) days from the date of execution of this

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Agreement. The date of execution of this Agreement shall be deemed to be the date of the final signature for this Agreement. All reports and notifications required under this Agreement shall be sent to:

Civil Recoveries Branch -- Compliance Unit
Office of Counsel to the Inspector General
Office of Inspector General
U.S. Department of Health and Human Services
Cohen Building Room 5527
330 Independence Avenue, S.W.
Washington, D.C. 20201
(202) 619-2078 Phone
(202) 205-0604 Fax

All HHS/OIG correspondence and notifications sent to Integra shall be sent to:

Corporate Compliance Officer
Integra, Inc.
1060 1st Avenue, Suite 410
King of Prussia, PA 19406

Frederick Robinson, Esq.
Fulbright & Jaworski, L.L.P.
801 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2615

III. Corporate Integrity Policies and Code of Conduct

Integra agrees to implement the following measures within sixty (60) days of the date of execution of this Agreement, unless otherwise specified below:

A. Corporate Compliance Committee

Within thirty (30) days of the execution of this Agreement, Integra's Board of Directors shall create a compliance committee that shall be responsible for the Corporate Integrity Program. The members of the Corporate Compliance Committee shall at least include the Corporate Compliance Officer (currently, Massoud Hampton), the Chairman of the Board of Directors (currently, John H. Foster), and an outside director of Integra, who shall be appointed by the Chairman of the Board of Directors. The Corporate Compliance Officer will have primary responsibility for compliance operations and reporting requirements. Changes to

the membership of the Corporate Compliance Committee will be noted in the Annual Report, described below.

B. Corporate Compliance Officer

For at least the term of this Agreement, Integra shall continue to have a Corporate Compliance Officer with primary responsibility for compliance operations and reporting requirements. When the Corporate Compliance Officer is replaced, Integra shall notify the HHS/OIG of such change, in writing, within fifteen (15) days. This change will also be noted in the Annual Report, described below.

C. Corporate Compliance Policies and Procedures

Within 90 days of the execution of this Agreement, Integra shall implement written policies and procedures regarding its commitment to ensure compliance with all applicable statutes, regulations, policies, procedures and guidelines related to Medicare, Medicaid and other Federal health care programs, including the requirement that all services billed to those programs be medically necessary and provided pursuant to a valid request for such services from the patient, the patient's family or a referring physician, unless otherwise provided by law. A copy of Integra's policies and procedures will be available to the HHS/OIG upon request. Integra's policies and procedures shall be adopted by the Board of Directors and distributed to all employees and all independent contractors involved with Federal health care programs. Within thirty (30) days of receiving the policies and procedures each employee shall certify, in writing, that he or she had read, understands, and agrees to abide by Integra's policies and procedures. Integra will maintain these certifications on file and they will be available to the HHS/OIG upon request. Integra will distribute the policies and procedures to its independent contractors within thirty (30) days of the commencement of the independent contractors' involvement with Federal health care programs.

Further, Integra's policies and procedures shall include, but will not be limited to the requirement that the Corporate Compliance Officer perform on-site inspections of locations where care is provided to beneficiaries of Federal health care programs, and periodic sampling (at least quarterly) of documents, including but not limited to employee or independent contractor time sheets, progress notes,

service logs, and billing sheets to verify compliance with applicable Medicare, Medicaid and other Federal statutes, regulations and guidelines.

Integra shall post in a prominent place accessible to each appropriate employee a notice detailing its own commitment to comply with all applicable Medicare, Medicaid and other Federal laws and regulations in the conduct of its business.

D. Billing and Contracting Procedures

1. Annual Review by Outside Firm

Within ninety (90) days of the execution of this Agreement, Integra shall retain a third-party to perform an audit designed to ensure compliance with the written Policies and Procedures described in paragraph C above, with this Agreement, and with all applicable federal and state health care program requirements, including statutes, regulations and other directives applicable to the programs. The name of the third party review organization should be stated in the one-hundred and twenty (120) day interim report, described below. The independent review organization must have expertise in the billing, coding, reporting and other requirements of Medicare, Medicaid, and other Federal health care programs from which Integra seeks reimbursement. The third party review organization will conduct this audit annually. The audits must be retained by Integra for at least one year after the completion of the corporate integrity period mandated by this Agreement.

The audit to determine compliance with all applicable federal and state health care program requirements and Integra's policies and procedures shall include the following:

- (1) An assessment of Integra's billing and coding operations for Federal health care programs (including how the billing system operates and the strengths and weaknesses of the system).

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- (2) An audit and analysis of whether Integra is submitting accurate claims for services billed to Medicare, Medicaid, and other Federal health care programs.
- (3) An assessment of Integra's procedures to correct inaccurate billings to Medicare, Medicaid, and other Federal health care programs.
- (4) If Integra enters into any managed care risk contract or subcontract to provide services to beneficiaries of Federal health care programs, an audit and analysis of whether Integra is underutilizing services with regard to these beneficiaries so as to violate the standard set forth in 42 U.S.C. 1395mm(i)(6)(A)(i) [Medicare managed care] and 42 U.S.C. 1396b(m)(5)(A)(i) [Medicaid managed care], both of which impose penalties for a provider's failure substantially to provide medically necessary items or services that are required (under law or contract) to be provided to an individual under a managed care contract, if the failure has adversely affected (or has a substantial likelihood of adversely affecting) the individual.
- (5) An assessment of whether Integra's programs, policies, operations, and procedures comply with the statutes, regulations and other requirements of Medicare, Medicaid and other Federal health care programs from which Integra seeks reimbursement.
- (6) An assessment of whether Integra is giving or receiving remuneration of any kind in exchange for referrals.
- (7) An assessment of the steps Integra is taking to address any areas of non-compliance related to Items (1) through (6).

The third party review organization will also assess whether Integra is complying with the terms of this Agreement.

2. Mandatory Disclosure of Probable Violations of Law

If Integra discovers credible evidence of misconduct from any source and, after reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law concerning Integra's practices related to Federal health care programs, then the Corporate Compliance Officer will promptly report such probable violation of law to HHS/OIG. The Compliance Officer's report to HHS/OIG will include (a) the annual review's findings, if any, concerning any such probable violation, (b) Integra's actions to correct such probable violation, and (c) any further steps it plans to take to address such probable violation and prevent it from recurring in the future. A corrective action plan to remedy the probable violation of law should be in place within sixty (60) days. Integra will make the corrective action plan available to the HHS/OIG upon request.

3. Mandatory Disclosure of Material Billing Deficiencies

If, during the term of this Agreement, the Corporate Compliance Officer discovers that Integra has committed any material billing deficiency related to Medicare, Medicaid, or any other Federal health care program, then the Corporate Compliance Officer will report the material billing deficiency to the relevant Medicare contractor, Medicaid agency, or other Federal payor, and Integra will repay any overpayment. The report and repayment shall be made within sixty (60) days of discovering the material billing deficiency, unless determining the precise amount of repayment cannot be done within sixty (60) days, in which case the report shall describe the reason for delaying the repayment and the repayment shall be made as soon as practical or within one-hundred and twenty (120) days, whichever occurs first.

The report to the Medicare contractor, Medicaid agency, or other Federal payor should state that the repayment is being made pursuant to the terms of this Corporate Integrity Agreement and should include: (i) a description of the circumstances surrounding the overpayment; (ii) the methodology by which the overpayment was determined; (iii) any claim-specific information used to determine the overpayment; (iv) the amount of the overpayment;

and (v) the provider identification number under which the refund is being made.

Contemporaneous with the notification to the payor as provided above, Integra shall notify HHS/OIG of the following: (i) all of the information provided to the Medicare contractor, Medicaid agency, or other Federal payor in returning the overpayment; (ii) the name and address of the Medicare contractor, Medicaid agency, or other Federal payor to whom the overpayment was sent; (iii) Integra's findings concerning the deficiency; (iv) Integra's action to correct the deficiency; and (v) any further steps Integra plans to take to address such deficiency and prevent it from recurring.

For purposes of this Agreement, a "material billing deficiency" shall mean anything that has a significant, adverse financial impact upon the Medicare and/or Medicaid programs, which may be the result of an isolated event or a series of occurrences, and which lacks conformity with Medicare and/or Medicaid reimbursement principles or other applicable statutes, and the regulations and lawful or legally authorized written directives issued by the Health Care Financing Administration ("HCFA") and/or its agents, or any other agency charged with administering the health care program implicated and/or its agents.

While this reporting requirement focuses on occurrences having a "significant, adverse financial impact," this provision does not excuse Integra's statutory obligation as a Medicare or Medicaid participant to bring to a governmental payor's attention any other billing deficiencies, however de minimis, make appropriate refunds and take any steps necessary to prevent the occurrence in the future.

E. Information and Education

(a) *General Training.* Within one-hundred and twenty (120) days after execution of this Agreement, Integra shall require and provide at least one hour of training to each and every employee of Integra. This general training shall: (1) cover Integra's Policies and Procedures; (2) reinforce the need for strict compliance with

the applicable statutes, regulations, policies, procedures, and program guidelines, and Integra's Policies and Procedures; and (3) advise employees that any failure to comply may result in disciplinary action. New employees shall receive the general training described above within one week of the beginning of their employment or within one-hundred and twenty (120) days after the execution of this Agreement, whichever is later.

(b) *Billing Training.* In addition to the general training described above, within one week of the beginning of their employment or within one-hundred and twenty (120) days after execution of this Agreement, whichever is later, each and every person involved in the documentation of services billed by Integra to Medicare, Medicaid, or any other Federal health care program, or in the preparation or billing of such services shall receive at least three hours of training regarding the applicable statutes, regulations, policies, procedures, and program guidelines for Medicare, Medicaid, and all other Federal health care programs. Annually thereafter, Integra shall require and provide at least two hours of the above described coding training to such individuals. Each employee who attends the training should sign an attestation statement acknowledging that he or she has received the general and/or billing training and agrees to abide by the policies and procedures set forth in the training. Integra will maintain all attestations and these acknowledgments will be available for HHS/OIG review, upon request.

F. Confidential Disclosure Program

Within ninety (90) days of execution of this Agreement, Integra shall establish a Confidential Disclosure Program enabling employees, and agents and contractors, if applicable, to communicate about compliance issues to the Compliance Officer. The Confidential Disclosure Program shall include methods, such as a toll-free compliance "hotline," for employees, agents, and contractors to disclose any practices or procedures with respect to Medicare, Medicaid, or any other Federal health care program, alleged by the individual to be inappropriate, to the Compliance Officer or some other person who is not in the reporting individual's chain of command. The Confidential Disclosure Program shall emphasize a non-retribution, non-retaliation policy, and shall include a reporting mechanism for anonymous communication.

Integra shall use intake procedures designed to elicit all relevant information from individuals reporting alleged misconduct. For any disclosure that is sufficiently specific that it reasonably (1) permits a determination of the appropriateness of the alleged improper practice, and (2) provides opportunity for the taking of corrective action, Integra shall require the internal review of the allegations set forth in such disclosure and ensure that proper follow-up is conducted. Integra shall, in good faith, make a preliminary inquiry into the allegations set forth in every disclosure to ensure that it has obtained all of the information necessary to determine whether it should conduct an internal review as provided above. The Compliance Officer shall maintain a Confidential Disclosure Log, which shall include a record of each allegation received, status of the investigation of the allegation, and any corrective action taken in response to the investigation. The Compliance Officer shall maintain all documentation related to information in the log and include a copy of the log in Integra's Annual Report, unless Integra considers documentation to be protected by one or more evidentiary privileges, in which case Integra will identify the document withheld and the asserted privilege in a Privilege Log, a copy of which Integra will include with the Confidential Disclosure Log in Integra's Annual Report.

G. Dealing with Excluded or Convicted Persons or Entities

Effective upon the date of execution of this Agreement, Integra shall not employ or contract with, with or without compensation, an individual or entity who is listed by a Federal agency as excluded, debarred, suspended or otherwise ineligible to participate in a Federal program. In order to carry out the policy, within ninety (90) days of the execution of this Agreement, Integra shall make reasonable inquiry into the status of any current or potential employee, consultant, and contractor. Such reasonable inquiry shall include, at a minimum, review of the HHS/OIG Cumulative Sanctions Report that is currently available on the Internet at <http://www.dhhs.gov/progorg/oig>, and the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs at <http://www.arnet.gov/epl>.

If an individual becomes suspended or is proposed for exclusion during his or her employment with Integra, Integra will remove such employee from responsibility for, or involvement with, Integra's Medicare, Medicaid or other Federal health

care program operations until the resolution of such suspension or proposed exclusion. In addition, if any employee of Integra is charged with a criminal offense relating to its Medicare, Medicaid or other Federal health care program business, Integra will remove that employee immediately from responsibility for or involvement with its Medicare, Medicaid or other Federal health care program business affairs. If the employee is convicted or excluded, Integra may no longer employ the individual unless and until the individual is reinstated to participate in the Federal health care programs. Integra shall notify HHS/OIG of each such personnel action taken among its own personnel and the reasons therefor, in its Annual Report.

Integra shall not allow, or cause to be allowed, any person convicted in any local, State or Federal court of any felony involving health care matters to hold the position of officer or director of itself or any of its subsidiaries.

H. Separation of Chief Executive Officer from Involvement with Federal Health Care Programs

Within thirty (30) days of the execution of this Agreement and for the full term thereof, Integra shall ensure that responsibility for or involvement with its Medicare, Medicaid and other Federal health care programs business affairs (such as any decision-making, development or implementation of policies and procedures, or other activities pertaining to the operation of Integra's business with Federal health care programs) is vested in an officer of the company who is someone other than its current Chief Executive Officer and who reports directly to and may be terminated only by the Board of Directors. Breach of this provision shall constitute a material breach of this Agreement.

I. Interim and Annual Reports

Within one-hundred and twenty (120) days following the execution of this Agreement, Integra shall provide HHS/OIG with an interim report containing the following items:

- (1) A description of the manner in which it has complied with Paragraph H above.

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- (2) The name, address, telephone number and job description of the Corporate Compliance Officer and the names, addresses, and telephone numbers of the other members of the Corporate Compliance Committee.
- (3) A copy of the policy notice required by Paragraph C of this section, *Corporate Compliance Policies and Procedures*.
- (4) Name of the third party review organization described in Paragraph D of this section, and the proposed start and completion date of the audit described therein.
- (5) A copy of the agenda of the training provided pursuant to Paragraph E of this section, and a schedule depicting the dates and times at which the training has been provided to date.
- (6) A description of the Confidential Disclosure Program established pursuant to Paragraph F of this section.
- (7) A description of the results of Integra's inquiry into the status of current or potential employees, consultants, and contractors, pursuant to Paragraph G of this section.

On or before the thirtieth (30th) day beyond the first, second, third, fourth and fifth anniversary dates of the execution of this Agreement, Integra shall provide HHS/OIG with a report relating to the following items:

- (1) A summary about any ongoing investigation or legal proceeding conducted or brought by any governmental entity involving an allegation that Integra may have committed a crime or may have engaged in fraudulent activities. The statement shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding.
- (2) A complete copy of the third party review organization's audit conducted pursuant to Paragraph D of this section.

- (3) A description of any corrective steps taken to address the deficiencies identified by the third party review organization's audit.
- (4) A status report of the communications received from the Confidential Disclosure Program established pursuant to Paragraph F of this section, including a copy of the confidential disclosure log, and the results of any investigations performed as a result of any disclosures.
- (5) A report of the aggregate amount of overpayments that have been returned to the Medicare, Medicaid or other Federal health care programs, that were discovered as a direct or indirect result of the Corporate Integrity Program established pursuant to this Agreement. The overpayment amounts should be broken down into the following categories: Medicare, Medicaid (report each applicable State separately), and any other Federal payors.
- (6) A certification that Integra does not employ or contract with any persons or entities that have been excluded from participation in any Federal program, as described in Paragraph G of this section.
- (7) The Corporate Compliance Officer's certification that the training required pursuant to Paragraph E of this section has occurred.
- (8) Any changes to the members of Integra's officers, directors or Corporate Compliance Committee members.
- (9) Any changes in the separation of functions described in Paragraph H of this section.
- (10) A resolution (or its equivalent) from Integra's Board of Directors certifying that they have reviewed the annual report, made reasonable inquiry into its contents and (based upon this reasonable inquiry) believe that the statements made therein are accurate and truthful.
- (11) The Corporate Compliance Officer's certification that all employees and all independent contractors involved with Federal health care programs have received Integra's policies and procedures and that within thirty (30) days

of receiving the policies and procedures, each employee has certified in writing that he or she had read, understands, and agrees to abide by Integra's policies and procedures.

- (12) A listing of all of Integra's locations (including the street address, city, state, and zip code), the "doing business as" name for each location, and the Federal health care program provider identification number and the payor or Federal contractor issued each provider number.

IV. HHS/OIG Inspection, Audit and Review Rights

In addition to any other right that HHS/OIG may have by statute, regulation, contract or pursuant to this Agreement, HHS/OIG or its duly authorized representative(s) may examine any of Integra's non-privileged books, records, and other company documents and supporting materials for the purpose of verifying and evaluating: (a) Integra's compliance with the terms of this Agreement; (b) Integra's business conduct in its dealing with the United States Government, or any agencies or agents thereof; and (c) Integra's compliance with the requirements of Medicare, Medicaid and other Federal health care programs. The documentation described above shall be made available by Integra at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, HHS/OIG or its authorized representative(s) may interview any Integra employee who consents to be interviewed at the employee's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the employee and HHS/OIG. Employees may elect to be interviewed with or without a representative of Integra present, but each employee shall be told that he or she has the right to have counsel present at the interview.

V. Document and Record Retention

Integra shall maintain for inspection documents and records relating to the submission of claims after the date of this Agreement to Medicare, Medicaid or other Federal health care programs for a period of six (6) years following the execution date of this Agreement, or for whatever other period of time required by law or policy, whichever is longer.

VI. Breach and Default Provisions

Integra's compliance with the terms and conditions of this Agreement shall constitute an element of its present responsibility with regard to direct or indirect participation in Federal health care programs. Full and timely compliance by Integra shall be expected throughout the duration of this Agreement with respect to all of the obligations herein.

A. Stipulated Penalties for Failure to Comply with Certain Obligations

As a contractual remedy, Integra and HHS/OIG hereby agree that failure to comply with certain obligations set forth in this Agreement may lead to the imposition of specific monetary penalties (hereinafter referred to as "stipulated penalties") in accordance with the following provisions.

1. A stipulated penalty of \$1,500 for each day that Integra fails to comply with any of the following, which stipulated penalty shall begin to accrue on the date the obligation becomes due:
 - a failure to submit the complete interim report within one-hundred and twenty (120) days of the execution of this Agreement or any complete Annual Report to HHS/OIG by the thirtieth (30th) day beyond the first, second, third, fourth and fifth anniversary dates of the execution of this Agreement;
 - b. failure to have in place a Corporate Compliance Committee and Corporate Compliance Officer for the entire period of time between thirty (30) days after the execution of this Agreement, until the end of the term of this Agreement;
2. A stipulated penalty of \$2,000 for each day Integra fails to comply by having fully in force during the term of this Agreement any of the following, which stipulated penalty shall begin to accrue on the date of the HHS/OIG's notice of noncompliance:

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- a. the Education and Information Program required under Paragraph E of section III of this Agreement;
 - b. the Confidential Disclosure Program required under Paragraph F of section III of this Agreement;
 - c. Corporate Compliance Policies and Procedures as required under Paragraph C of section III of this Agreement
3. A stipulated penalty of \$2,000 for each day Integra fails to grant access to the information or documentation necessary to exercise the HHS/OIG's inspection, audit and review rights set forth in the *HHS/OIG Inspection, Audit and Review Rights* section of this Agreement, which stipulated penalty shall begin to accrue on the date Integra fails to grant access.
4. A stipulated penalty of \$2,000 for each day Integra employs an individual after that individual has been excluded, debarred, suspended or otherwise ineligible for participation in the Medicare, Medicaid or any other Federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)). This stipulated penalty shall begin to accrue on the date that the individual was both employed by Integra and excluded, debarred, suspended or otherwise ineligible. This stipulated penalty will not be demanded if Integra can demonstrate that it did not learn of the individual's status after making a reasonable inquiry into the individual's status, as described in Paragraph G of section III of this Agreement.
5. A stipulated penalty of \$1,500 for each day Integra fails to comply with any other requirement in this Agreement, which is not covered by provisions 1 through 4 of this Paragraph, above, which stipulated penalty shall begin to accrue on the date of the HHS/OIG's notice of noncompliance.

B. Payment of Stipulated Penalties

Upon finding that Integra has failed to comply with any of the above-enumerated obligations, HHS/OIG may choose to demand payment of the stipulated penalties above. To effectuate the demand, HHS/OIG shall notify Integra of: (i) Integra's

failure to comply; and (ii) HHS/OIG's exercise of its contractual right to demand payment of the stipulated penalties payable under this Agreement (this notification is hereinafter referred to as the "Demand Letter").

Within ten (10) days of the date of the Demand Letter, Integra shall respond by either: (i) curing the breach to the HHS/OIG's satisfaction, paying the applicable stipulated penalties and notifying the HHS/OIG of its corrective actions; or (ii) sending in writing to the HHS/OIG a request for a hearing before an HHS administrative law judge to dispute the HHS/OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth in Paragraph D of this section, below. Failure to respond to the Demand Letter shall be considered a material breach of this Agreement and shall be grounds for exclusion under Paragraph C of this section, below.

Payment of the stipulated penalties shall be made by certified or cashier's check, payable to "Secretary of the Department of Health and Human Services," and submitted to OCIG at the address set forth in section II of this Agreement.

C. Material Breach and Exclusion

If Integra engages in conduct that HHS/OIG considers to be a material breach of this Agreement, HHS/OIG may seek exclusion of Integra from participation in Medicare, Medicaid and any other Federal health care programs (as defined in 42 U.S.C. §1320a-7b(f)).

Upon making its determination, HHS/OIG shall notify Integra of the alleged material breach by certified mail and of its intent to exclude as a result thereof (this letter shall be referred to hereinafter as the "Notice of Material Breach and Intent to Exclude"). Integra shall have thirty-five (35) days from the date of the letter to:

- (1) demonstrate to the HHS/OIG's satisfaction that Integra is not in material breach of this Agreement;
- (2) cure the alleged material breach; or

- (3) demonstrate to the HHS/OIG's satisfaction that the alleged material breach cannot be cured within the thirty-five (35) day period, but that Integra has begun to take action to cure the material breach and that such action shall be pursued with due diligence. Integra shall, at this time, submit a timetable for curing the material breach for the HHS/OIG's approval.

If, at the conclusion of the thirty-five day period (or other specific period as subsequently agreed to by the parties), Integra fails to meet the requirements of provisions (1), (2) or (3) above, HHS/OIG may exclude Integra from participation in the Medicare, Medicaid and all other Federal health care programs (as defined in 42 U.S.C. §1320a-7b(f)). HHS/OIG shall notify Integra in writing of its determination to exclude (this letter shall be referred to hereinafter as the "Exclusion Letter").

The exclusion shall take effect thirty (30) days from the date of the Exclusion Letter unless Integra exercises its contractual right to seek review of the HHS/OIG's exclusion determination by requesting a hearing before an administrative law judge as provided in Paragraph D ("Review Process") of this section, below. In the event such a hearing is requested, the exclusion shall not be effective until the issuance of an administrative law judge's decision supporting the HHS/OIG's exclusion determination. The exclusion shall have national effect and will also apply to all other Federal procurement and non-procurement programs.

A material breach of this Agreement means: (i) a failure by Integra to meet an obligation under this Agreement where the failure has a significant adverse impact on the integrity of Medicare, Medicaid, or any other Federal health care program (for example, a failure to report a material billing deficiency, take corrective action and pay the appropriate refunds, as provided in Paragraph D(3) of section III of this Agreement); or (ii) repeated or flagrant violations of the obligations under this Agreement.

D. Review Process

Upon HHS/OIG's delivery to Integra of the Demand Letter or Exclusion Letter, and as an agreed upon contractual remedy for the resolution of disputes arising

under the obligations in this Agreement, Integra shall be afforded review rights comparable to the ones that are provided in 42 U.S.C. § 1320a-7(f) and 42 C.F.R. § 1005 as if they applied to the stipulated penalties or exclusion sought pursuant to this Agreement. Specifically, the HHS/OIG's determination to demand payment of stipulated penalties or to seek exclusion shall be subject to review by an HHS administrative law judge in a manner consistent with the provisions in 42 C.F.R. §§ 1005.2-1005.21. Notwithstanding the language in 42 C.F.R. § 1005.2(c), the request for a hearing involving stipulated penalties shall be made within ten (10) days of the date of the Demand Letter and the request for a hearing involving exclusion shall be made within thirty (30) days of the date of the Exclusion Letter.

Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for stipulated penalties under this section shall be: (i) whether, on the date of the Demand Letter, Integra was in full and timely compliance with the obligations in this Agreement for which OIG demands payment; (ii) the period of noncompliance. For purposes of paying stipulated penalties under this Agreement, and if Integra chooses to seek review in lieu of curing the breach and paying the stipulated penalties, as set forth above, the administrative law judge's decision shall trigger Integra's obligation to pay. Thus, payment will be due twenty (20) days from the day the administrative law judge's decision is issued.

Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on a material breach of this Agreement shall be: (i) whether Integra was in material breach of one or more of its obligations under this Agreement; (ii) whether the alleged material breach was continuing on the date of the Exclusion Letter; (iii) whether the alleged material breach could have been cured within the thirty-five-day period or such other period as agreed to in writing between Integra and HHS/OIG. For purposes of the exclusion herein agreed to, in the event of a material breach of this Agreement, an administrative law judge's decision finding in favor of the HHS/OIG shall be deemed to make the exclusion effective, at which time the HHS/OIG may proceed with its exclusion of Integra.

Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, HHS/OIG shall have the burden of going

forward and the burden of persuasion with respect to the issue of whether Integra was in breach and with respect to the period of noncompliance. Integra shall bear the burden of going forward and the burden of persuasion with respect to the issue of whether, as of the date of the Exclusion Letter, Integra cured the alleged breach, and with respect to the issue of whether the alleged breach could have been cured during the specified period. The burden of persuasion will be judged by a preponderance of the evidence.

The review by an administrative law judge provided for above shall not be considered to be an appeal right arising under any statutes or regulations. Consequently, the parties to this Agreement agree that the administrative law judge's decision shall be considered final for all purposes under this Agreement and agree to waive any right they may have to appeal the decision administratively, judicially or otherwise seek its review by any court or other adjudicative forum.

Integra shall have the right to seek reinstatement following the period of exclusion, subject to the provisions of 42 C.F.R. § 1001 Subpart F.

VII. Additional Compliance Audit or Review

In addition to the obligations assumed by Integra under the Agreement and as described above, if HHS/OIG reasonably determines that it is necessary to conduct an independent audit or review to determine whether or to the extent to which Integra is complying with its obligations under this Agreement, Integra agrees to pay for the reasonable cost of any such audit or review.

VIII. Modification

Integra and HHS/OIG agree that any modification of this Agreement must be made by written consent of the parties.

IX. Privileges

Nothing in this Agreement, or any communication or report made pursuant to this Agreement, shall constitute or be construed as any waiver by any party of its attorney-client, work product or other applicable privileges.

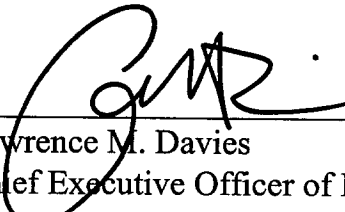
X. Confidentiality

Subject to HHS's Freedom of Information Regulations, set forth in 45 C.F.R. part 5, HHS/OIG shall make a reasonable effort to notify Integra prior to any release by HHS/OIG of information submitted by Integra pursuant to its obligations under this Agreement and identified upon submission as trade secrets or privileged or confidential commercial or financial information within the meaning of the Freedom of Information Act (FOIA), 5 U.S.C. § 552(b)(4), and HHS's Freedom of Information Regulations, 45 C.F.R. § 5.65. Integra will refrain from identifying any information as trade secrets or privileged or confidential commercial or financial information unless the information meets the criteria for exemption from disclosure under FOIA and HHS's Freedom of Information Regulations.

IN WITNESS WHEREOF, the parties hereto affix their signatures

FOR INTEGRAL, INC.:

10 - 6 - 98
Date



Lawrence M. Davies
Chief Executive Officer of Integra, Inc.

10 - 2 - 98
Date

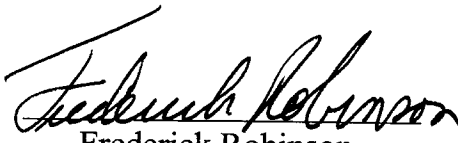


Massoud G. Hampton
Corporate Compliance Officer for Integra, Inc.

Corporate Integrity Agreement
Integra, Inc., f/k/a Apogee, Inc.


Approved as to form:

10/1/98
Date


Frederick Robinson
Attorney for Integra, Inc.

FOR THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:

10/13/98
Date


Lewis Morris
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
Department of Health and Human Services